



*Andrew H. Junkin, CFA, CIMA, CAIA  
Managing Director and Principal*

August 1, 2008

Ms. Anne Stausboll  
Interim Chief Investment Officer  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95814

Re: AIM Program Policy Revision

Dear Anne,

You requested Wilshire's opinion with respect to the proposed revision of the AIM Program Policy. Wilshire has reviewed the policy for both form and content.

### **Recommendation**

Wilshire recommends the Policy Subcommittee approve the policy as proposed.

### **Discussion**

The proposed AIM Program Policy complies with CalPERS' new format for policies and has removed language that is more appropriately contained in a procedures manual. The proposed policy spells out the specific duties of Staff and the investment approach that will be used in managing the portfolio. The policy continues to require monthly reporting to the Investment Committee regarding the progress of the various proposals that Staff has received, in order for the Investment Committee to continue to monitor the evolution of the portfolio.

We do note that the language requiring an annual plan has been removed from the proposed policy. While we agree that this language is appropriate for a procedures manual, we encourage Staff to continue to prepare and present long-term, strategic plans to the Investment Committee periodically.

### **Conclusion**

Wilshire believes the proposed policy for the AIM Program is prudent and appropriate for the ongoing management and oversight of the Program. The proposed policy contains appropriate controls and descriptions of the strategy that will be used to manage the

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portfolio, such that the Investment Committee can effectively fulfill its duty as fiduciaries to the System's members.

If you have any questions or comments, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne Stausboll". The signature is fluid and cursive, with the first name "Anne" written in a more compact, rounded style and the last name "Stausboll" written in a more elongated, flowing script.